



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Deputy Director Strategic Planning

313 N Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles
County residents through direct
services at DHS facilities and
through collaboration with
community and university
partners.*

www.dhs.lacounty.gov



April 19, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **NOTIFICATION OF THE DEPARTMENT OF HEALTH
SERVICES' USE OF DELEGATED AUTHORITY TO
EXECUTE AMENDMENT TO AGREEMENT WITH
MCKESSON HEALTH SOLUTIONS, LLC**

This is to advise the Board that the Department of Health Services (DHS) is exercising its delegated authority approved on March 12, 2013 (attached), to execute an amendment to Nurse Advice Line (NAL) and Disease/Care Management Services Agreement No. H-703016 with McKesson Health Solutions, LLC (McKesson), to expand the provision of NAL services to the Healthy Way LA Kids (HWLA Kids), at existing contract reimbursement rates, terms and conditions.

The Amendment changes the Agreement with McKesson to include provision of NAL services to uninsured children as part of the HWLA Kids pilot implementation. Based on a current forecast, services to HWLA Kids can be supported within the current maximum obligation of the Agreement and therefore, DHS is not increasing the maximum obligation at this time. Should it be determined later that services to the HWLA Kids cannot be supported within the current maximum obligation, DHS will exercise its delegated authority to increase the maximum obligation by no more than \$100,000, and notify the Board, accordingly.

County Counsel has reviewed the Amendment and approved it as to form.

If you have any questions and need additional information, please let me know.

MHK:ls

Attachment

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

25 March 12, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

March 12, 2013

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina Ghaly, M.D.
Deputy Director, Strategic Planning

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**L.A. CARE HEALTH PLAN AND RELATED INITIATIVES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-3101
Fax: (213) 431-0503

www.dhs.lacounty.gov

To ensure access to high-quality,
patient-centered, cost-effective health
care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.

Request authorization to implement a pilot health care initiative to provide coverage for uninsured children, and delegate authority to execute contract amendments to various agreements to meet the administrative, operational and fiscal needs of the County of Los Angeles, Department of Health Services and to enter into an agreement with L.A. Care to assist in the transition of the County's Healthy Way LA Matched Program to Medi-Cal Managed Care under the Patient Protection and Affordable Care Act.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to implement a pilot health care initiative (tentatively called Healthy Way LA [HWLA] Kids) for children ages six to eighteen, previously covered under the L.A. Care Health Plan's (L.A. Care) Healthy Kids Program, to the County of Los Angeles, Department of Health Services' (Department or DHS) Ability-to-Pay (ATP) and Outpatient Reduced-Cost Simplified Application (ORSA) programs and temporarily waive the share of cost fees for those above the 133 percent Federal Poverty Level (FPL), for ambulatory and emergency room care, hospitalizations and prescription drugs provided at DHS facilities, and nurse advice line services, effective upon Board approval through February 28, 2014.



www.dhs.lacounty.gov

2. Delegate authority to the Director, or his designee, to negotiate and execute an amendment to McKesson Health Solutions LLC (McKesson) Agreement H-703016 to expand the provision of Nurse Advice Line (NAL) services to HWLA Kids, at existing contract reimbursement rates, and terms and conditions, at an estimated cost of \$100,000, subject to review and approval by County Counsel and notification to the Board and the Chief Executive Office (CEO)
3. Delegate authority to the Director, or his designee, to execute additional amendments to Participating Provider Agreement No. H-704704 and Hospital Services Agreement No. H-704703 (collectively called Provider Agreements) between DHS and L.A. Care to: (a) reflect new rates as a result of rate changes made by the State, (b) adjust existing rates due to transfer between the parties of the financial responsibility to provide or pay for medical and other covered services, changes in assumption of delegated functions (e.g., utilization management, credentialing, claims processing), and/or change in financial risk arrangement (e.g. full risk, shared risk, modified or combination risk); with any work and services to be performed/provided, or arranged by L.A. Care with reimbursement from the County to be at no more than cost (actual cost, or estimated cost if calculated and paid through an adjustment to DHS' monthly capitation payment), up to a maximum period of twelve months, (c) update and/or incorporate new State/Federal law and other regulations, (d) make appropriate changes to contract language for clarity, (e) add the Medicare Advantage Program and Medicare/Medi-Cal beneficiaries under the State Dual Eligible Pilot Program at market rates, and (f) extend the term of the Provider Agreements on a month-to-month basis, not to exceed six months, subject to prior review and approval by the County Counsel and thirty days prior written notification to the Board and the CEO.
4. Delegate authority to the Director, or his designee, to negotiate and execute a one year HWLA Administrative Services Support Agreement with L.A. Care (e.g., member outreach/retention strategies, provider network and communication strategies, and other services as may be agreed to by both parties) to assist DHS in transitioning the HWLA Matched Program population into L.A. Care's Medi-Cal Managed Care Program Direct on or before January 1, 2014 at DHS or LA Care cost, whichever is lower, up to a maximum of \$500,000, subject to review and approval by the County Counsel and notification to the Board and the CEO.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Healthy Way LA Kids

The request for approval of the first recommendation is a result of L.A. Care's recent announcement that it will no longer continue health benefits coverage for approximately 10,000 children ages six to eighteen under its Healthy Kids Program, leaving this population uninsured.

It is expected that around 6,000 of these children who receive their care from L.A. Care contracted private providers will lose access to health care services since the majority of these private providers will not continue care for this population; the remaining 4,000 children are expected to continue their care with a new or existing community clinic provider.

Over 80 percent of the 6,000 children are under the 133 percent FPL, but the remaining 20 percent are from households with income that range from 134 percent to 300 percent FPL. It should be noted that these children already meet the eligibility criteria for DHS' ATP and ORSA programs so the pilot initiative allows for an orderly method to outreach and for these children to apply and begin receiving care at DHS.

DHS is working closely with L.A. Care to assume the care of as many of these children as possible who no longer have a regular provider and is prepared to welcome these kids into the County's ATP and ORSA programs, effective upon the Board's approval as a pilot program through February 28, 2014. The health coverage to be provided the HWLA Kids will be similar to the medical services provided under the ATP and ORSA programs, which include access to ambulatory and emergency room care, hospitalizations and prescription drugs provided at DHS facilities. In addition to this basic medical coverage, DHS will also seek to provide these children access to NAL services through McKesson. Under the pilot program, DHS intends to honor the beneficiaries' prior financial eligibility screening with L.A. Care and therefore, DHS is requesting a temporary waiver of the financial screening for a period of one year to facilitate the transition. DHS is also seeking approval to waive the share of cost for members above the 133 percent FPL. At the end of the pilot period, should the determination be made to continue the pilot initiative in some form, DHS would perform the standard eligibility and income re-determination of all these new patients who receive care with DHS. This pilot program will also provide the Department with data and information to inform future decisions about how to structure or pay for indigent care, e.g., whether to continue services under the Department's existing ATP and ORSA programs or other financial structures, which the DHS will report back to the Board for consideration and approval.

As noted above, it is expected that the remaining 4,000 uninsured children will continue their care with their existing community clinic provider or choose another community provider who is part of the DHS HWLA Uninsured Program provider network.

The total estimated amount to cover the cost of providing health care services to the 10,000 children who will access DHS and community clinics under the HWLA Uninsured Program is \$582,000 for outpatient services.

Amendment to McKesson Agreement

Approval of the second recommendation will permit the Department to amend the current McKesson agreement to include provision of NAL services to uninsured children as part of the HWLA Kids pilot implementation described above. In the event that services to the HWLA Kids cannot be supported within the current maximum obligation in the McKesson Agreement, DHS will exercise its delegated authority, approved by the Board on November 7, 2007, to increase the maximum obligation in an amount not to exceed \$100,000.

Provider Agreements

As the 2014 implementation of the Patient Protection and Affordable Care Act nears, DHS is working under a strict timeframe to establish the necessary processes, systems and infrastructure. DHS in its unique partnership with L.A. Care continues to identify opportunities and resources that can be directed towards patient care and maximize operational efficiencies. The third and fourth recommendations reflect the DHS and L.A. Care efforts that the Department is seeking the Board's approval in order ensure timely implementation of initiatives and completion of related contracting requirements. In addition, the Department is currently in active discussions with L.A. Care for purposes of determining the ability for DHS to utilize L.A. Care's managed care system for the

potential purpose of claims processing, eligibility verification, enrollment and other managed care functionalities.

Approval of the third recommendation is consistent with the February 22, 2012 Board Memo: Status Report on Negotiations with L.A. Care (Attachment I) and attached for reference. The Department previously indicated that as DHS gains operational experience with the management of Seniors and Persons with Disabilities (SPDs), the Provider Agreements with L.A. Care will need to be regularly amended going forward as opportunities arise to improve operational efficiencies between entities. In addition, the Status Report also stated that the Provider Agreements would need to be amended at least every time the State changes the rates for one of the specific programs and when the final processes for financing the SPDs are negotiated with the State. Further, the Status Report stated that the Provider Agreements would need to be amended to add Medicare/Medi-Cal (dual eligible) should the State proceed with the Duals Demonstration project; and for any changes in contractual arrangements related to the In-Home Supportive Services Program. Any amendment adding the Medicare Advantage and Dual Eligibles Programs will be at market rates, taking into account the Programs' overall financial impact to the Department, subject to review by the CEO.

Approval of this recommendation will also permit the Director to amend the Provider Agreements to comply with changes in State/Federal law and regulations, County and other regulatory or contractual requirements, including the California's Section 1115 Medicaid Waiver and Healthcare Reform; and make necessary changes to clarify contract language.

Lastly, the recommendation will also allow the Director to extend the term of the Provider Agreements, if necessary, on a month-to-month basis, not to exceed six months, to enable DHS and L.A. Care to complete work on negotiating and executing new/replacement provider agreements without having the term of the current Provider Agreement lapse.

HWLA Administrative Services Support Agreement

As indicated in the DHS January 15, 2013 Board Memo: Quarterly Status Report on Healthy Way LA Enrollment and the 1115 Medicaid Waiver, (Attachment II), DHS has received information from the State Low Income Health Plan (LIHP) administrator that it was time to begin planning for the LIHP transition into managed care on or before January 1, 2014. Approval of fourth recommendation will enable DHS to enter into the necessary contractual arrangement in place with L.A. Care to effectuate a seamless and efficient transition of HWLA Matched patients to L.A. Care's Medi-Cal Managed Care Program Direct, with the primary goal of maintaining existing patient relationships with DHS and Community Partner providers.

Implementation of Strategic Plan Goals

The recommended actions support Goal 2, Fiscal Sustainability and Goal 3, Integrated Services Delivery of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

Healthy Way LA Kids

The estimated cost to implement the HWLA Kids pilot is \$582,000 for outpatient services. Some services may be billed and reimbursed under the Child Health and Disability Prevention (CHDP) and California Children's Services (CCS) programs, thus recouping and reducing the DHS total pilot program implementation costs.

Upon completion of the HWLA Kids pilot, DHS will report back to the Board to provide outcomes of the initiative, including actual costs incurred, and make recommendations whether to continue providing services under the existing County ATP and ORSA programs or other financial mechanism for the Board's approval.

Nurse Advice Line - McKesson Agreement

The Department will closely monitor access by HWLA Kids to the McKesson NAL services agreement. Should it be determined that there is a significant increase in the NAL usage, DHS will amend the agreement accordingly to increase the contract maximum obligation amount by an amount not to exceed \$100,000.

Provider Agreements

The Provider Agreements are intended to maximize revenue needed to support the Department as a safety net provider, under which DHS is assigned L.A. Care Members and have their care at DHS.

HWLA Administrative Services Support Agreement

Reimbursements for one year of HWLA administrative support services with LA Care will be at the lower of DHS or L.A. Care cost for performing member outreach/retention strategies, provider network and communication strategies, and other services as may be agreed to by both parties, up to a maximum of \$500,000.

Funding for the services described above is included in the Fiscal Year 12-13 Final Budget and will be requested in future years as necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

HWLA Kids

In 2012, L.A. Care elected to cease offering its Healthy Kids Program for children ages six to eighteen effective February 28, 2013. On February 15, 2013, L.A. Care sent a letter to its Healthy Kids beneficiaries informing them that the County may be establishing a pilot program to offer similar services at DHS facilities to those services covered under the Healthy Kids Program. The letter included a postage-free postcard to return back to DHS for those persons interested in such a pilot program.

Provider Agreements

On March 1, 2011, the Board granted delegated authority to the Director to negotiate and execute Provider Agreement for SPDs with L.A. Care as required under the California 1115 Waiver, and became effective 2) agreements, namely: Participating Provider Agreement H-704704 and Hospital Services Agreements were executed and became effective May 1, 2011 through September 30, 2014.

Subsequently, both agreements were amended during the period May 2011 through April 2012 to add other L.A. Care Managed Care Programs, e.g. Medi-Cal Non-SPDs, Healthy Families Program, In-Home Supportive Services Programs, DHS Medical Hub services, and other changes in financial responsibility and delegation functions.

The most recent Amendment to the Participating Provider Agreement was effective August 1, 2012. This Amendment covered administrative and operational changes in Utilization Management functions delegated by L.A. Care to DHS in order to improve processes of obtaining out-of-network service authorizations and utilization review for Medi-Cal Managed Care Program Members.

McKesson Agreement

On November 27, 2007, the Board approved the agreement with McKesson for the provision of nurse advice line, disease management, complex case management and wellness program services for HWLA enrollees and Community Health Plan (CHP) members. At that time, the Board also delegated authority to the Director to execute future amendments to, among other things, increase the maximum obligation not to exceed fifteen percent of the original maximum obligation over the term of the Agreement, including extensions thereof if exercised, to provide services for additional HWLA enrollees.

On July 26, 2011, the Board delegated authority to DHS to execute amendments and contract assignments/delegations to transition all CHP lines of business to L.A. Care and subsequent transition of CHP members to L.A. Care. The most recent amendment to this agreement memorialized the exclusion of CHP access to the McKesson agreement effective February 1, 2012.

The current agreement with McKesson expires on December 31, 2013 although either party may terminate agreement, without cause; by giving the other party at least 60 calendar days advanced written notice.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Successful implementation of recommendations, consistent with the policy recommendations approved by the Board on March 30, 2011, is part of the overall restructuring of DHS ambulatory care, and as part of DHS' plan to reallocate resources and attention to meet the needs under the 1115 Waiver and preparing Los Angeles County for the implementation of the Patient Protections and Affordable Care Act in 2014.

The Honorable Board of Supervisors

3/12/2013

Page 7

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:ln

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors



Health Services
LOS ANGELES COUNTY

February 22, 2012

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: STATUS REPORT ON NEGOTIATIONS WITH L.A. CARE

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Strategic Planning Deputy Director

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213)240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

On April 13, 2010, your Board approved, in concept, the report and recommendations by Health Management Associates (HMA) on its evaluation of the Department of Health Services (DHS) Office of Managed Care (OMC)/Community Health Plan (CHP) and its readiness for pending health reform changes. In addition, your Board approved the Chief Executive Office (CEO) convening DHS and L.A. Care Health Plan (L.A. Care) representatives to engage in negotiations to determine whether the new relationship, as outlined in the HMA report, could be developed.

Since then, the CEO and DHS have provided reports on the L.A. Care negotiations, on the ambulatory care transformation, and on the new 1115 Waiver. This is to provide you with an update specific to the L.A. Care negotiations, to report on progress since the October 3, 2011 status report.

Transition of SPDs to Managed Care

SPDs are the first group for which the new relationship between DHS and L.A. Care was established. In this relationship, L.A. Care performs the health plan functions and DHS is a key safety net provider for the health plan. According to the State 1115 Waiver plan, the SPDs are being moved from fee-for-service to managed care over a twelve month period, starting June 1, 2011. Each month, L.A. Care receives an assignment of new patients and each month L.A. Care assigns a portion of those to DHS as their care provider. In the first nine months of assignments, the net SPDs assigned to DHS (net of those who have subsequently transferred to other providers) is 20,514. This is 68% of the 30,000 target established in the agreement with L.A. Care.



www.dhs.lacounty.gov

The most challenging part of this continues to be the default assignments. At the State level, for enrollees who choose a health plan and/or provider, the State honors that choice. Enrollees who do not make a choice, are assigned by the State based on information about prior Medi-Cal fee-for-service provider use, family assignments, and geographic location. Unfortunately, over 60 percent of those enrolled to date state-wide have been simply default assigned to one of the health plans, in the absence of any useful information on the enrollee. When L.A. Care, in turn, assigns new enrollees to contracting health plans and physician groups, or to the County through L.A. Care's direct plan, a large percentage of the enrollees are default assigned, which means that DHS has been receiving members with no prior association with DHS.

L.A. Care and DHS have worked through the difficulties of the high percentage of default assignments. DHS asked L.A. Care to change its algorithm to lower the number of defaults to DHS. This is being closely monitored month to month. Since members have the right to maintain their relationship with an existing Medi-Cal provider for up to 12 months, L.A. Care has also worked with DHS to reassign those members who, when they come to DHS, indicate that they want to continue to receive their care from a provider who is in another plan or physician group under L.A. Care.

Medi-Cal Managed Care

DHS and L.A. Care completed initial negotiations concerning amendments to the SPD provider agreements necessary to transition existing, Medi-Cal managed care enrollees from CHP to L.A. Care on January 1, 2012. The amendments were signed September 30, 2011, effective October 1, 2011, and L.A. Care began to assign non-SPD new Medi-Cal enrollees to DHS as a provider in October, rather than CHP as a health plan. 132,000 existing Medi-Cal managed care enrollees in CHP were transitioned to L.A. Care on January 1, 2012, of which 44,700 were assigned to DHS for their primary care home.

Healthy Families

DHS and L.A. Care met with the California Major Risk Medical Insurance Board (MRMIB) to discuss the transition. MRMIB staff strongly recommended that the transition of the CHP Healthy Families enrollees to L.A. Care occur on September 30, 2012, because CHP has the preferred community provider plan designation for the contract year starting October 1, 2011, and there is no established mechanism for transferring it mid-year to L.A. Care. This designation gives CHP's Healthy Families enrollees a discount on their premiums. L.A. Care will apply for this designation in the Spring of 2012, competing with other plans, and will likely receive this designation effective October 1, 2012, given the role of DHS in its network. This means that CHP must continue as an operating Knox-Keene licensed health plan through September 30, 2012.

In the meantime, in order to facilitate the transition of CHP staff to an MSO function, we negotiated an interim agreement for L.A. Care to do the administrative health plan functions for CHP from January through September 2012. In addition, Healthy Families was added as a "product line" to the provider agreement so that new enrollees in Healthy Families can choose to be assigned to DHS facilities as their medical home, when choosing L.A. Care as their health plan.

In Home Supportive Services

The CEO, DHS, the Department of Public Social Services (DPSS), L.A. Care and the Personal Assistance Services Council (PASC), negotiated the agreements necessary to implement the transition of the IHSS health plan from CHP to L.A. Care, effective February 1, 2012. Most of these agreements are executed. The transition which occurred was nearly transparent to the 40,000 IHSS enrollees, as their providers and network did not change.

Long-Term Financial Relationship

The negotiators completed negotiations for the terms of an agreement [Community Health Plan Transition and Safety Net Support Agreement], which will serve as the long-term framework of the financial relationship between L.A. Care and the County, as the key safety net provider in the County. Notice of intent to execute this agreement was sent to your offices on February 14, 2012 and the agreement was executed February 21, 2012.

Completion of Initial Phase of Negotiations

Completion of negotiation on the various programs described marks the end of the initial phase of negotiations. For those programs, we move fully into the implementation phase.

Contractually, the relationship of the County with L.A. Care consists of:

1. Provider agreement covering the following programs, under which DHS is assigned L.A. Care members to have their medical homes at DHS:
 - a. Medi-Cal Managed Care SPD
 - b. Medi-Cal Managed Care non-SPD
 - c. Healthy Families
 - d. In-Home Supportive Services Health Plan
2. Community Health Plan Transition and Safety Net Support Agreement, which frames the long-term financial relationship between L.A. Care and the County, with an initial term of 10 years.
3. Agreements of DPSS and PASC with L.A. Care to implement the IHSS Health Plan.

One contractual issue which is outstanding is an agreement on the terms under which L.A. Care could have access to DHS specialty care for L.A. Care members who are receiving their primary care elsewhere in L.A. Care.

Long-Term Operational Partnership

Now that the Transition and Safety Net Support Agreement is complete and the initial provider agreement sections for each program are done, DHS and L.A. Care can focus our collective efforts towards strengthening this partnership with a continued focus on directing available resources towards patient care and maximizing operational efficiencies. We will also continue to support each other's efforts to strengthen the safety-net system. eConsult is an early example of the collaborative effort between L.A. Care, Community Partners and DHS to transition to an improved platform for referrals from safety-net primary care providers to specialists.

Next Steps

It is important to emphasize that the provider agreement will be regularly amended going forward as opportunities to improve operational efficiencies arise and at least every time the State changes the rates it pays for one of the specific programs. It will also need amendment when the final processes for financing the SPDs are negotiated with the State.

Assuming that the State continues with its intent to bring the dual eligibles (Medicare - Medi-Cal) into Medi-Cal Managed Care, a provider agreement amendment for that population will be needed, as well as any necessary contractual arrangements related to the IHSS program.

If you have any questions or need additional information, please contact me at (213) 240-8101.

MHK:JFS:jp

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Public Social Services
Mental Health



Health Services
LOS ANGELES COUNTY

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Deputy Director, Strategic Planning

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



www.dhs.lacounty.gov

January 15, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: QUARTERLY STATUS REPORT ON HEALTHY WAY LA
ENROLLMENT AND THE 1115 MEDICAID WAIVER

On June 14, 2011, the Board instructed the Chief Executive Officer (CEO) and the Director of Health Services (DHS) to report back in 90 days and monthly thereafter with data regarding enrollment trends in the Healthy Way LA (HWLA) Matched and Unmatched programs. On November 16, 2010, the Board directed the CEO, the Interim Director of DHS, and the Directors of Mental Health (DMH) and Public Health (DPH) to report back to the Board within 30 days and monthly thereafter on a proposed plan to implement the Medicaid Waiver (Waiver). This report is in response to both motions and has become quarterly in order to provide more substantive updates. This report serves as a post-2012 review and includes a summary of our actions moving forward.

HEALTHY WAY LA – LOW INCOME HEALTH PROGRAM

Network Background: On June 14, 2011, the Board approved the new HWLA agreements with Community Partners (CPs) covering HWLA Matched and Unmatched Services. This new agreement replaced the previous Public-Private Partnership Program, HWLA and SB 474 contracts.

Network Update: At the start of the HWLA program, we had agreements with 54 CP agencies representing 154 clinic sites. With the Ryan White/HWLA transition and a recently completed Request for Information (RFI) process, our total non-DHS HWLA program network now consists of 63 CP agencies and 197 clinic sites. We recently completed our provider orientation for the three additional agencies who were added to our network through the RFI. In addition, we recently completed our programmatic audit of all of the existing HWLA CPs. The vast majority of CPs passed their audit without significant issues identified.

Our programmatic relationship with the CPs continues to improve. Each CP and DHS clinic has an assigned program advocate who is there to clarify programmatic updates, help resolve issues, and troubleshoot them.

as they arise. Last month we added one additional program advocate to help ensure that each clinic can get more attention from their advocates. The feedback from CPs thus far on the program advocates have been positive and this relationship will enable us to work on creating a more cohesive L.A. County safety net system as the Affordable Care Act expands and evolves over time.

Overall HwLA Enrollment: Since the last board report, we have increased our total enrollment from 197,529 individuals as of end of August 2012 to nearly 215,000 individuals at the close of calendar year 2012. Approximately 140,000 HwLA patients are assigned to DHS medical homes and 75,000 assigned to CPs.

HwLA Redetermination: On January 7, 2013, DHS, in partnership with the Department of Public Social Services (DPSS), announced the beginning of the new HwLA Redetermination Mail-in Unit. This unit, which will accept redetermination paperwork by mail, email and fax, was created to handle all HwLA redeterminations in 2013 and to achieve the following goals:

- **Make it easier and more convenient for patients to redetermine.** Patients will no longer have to complete a redetermination application in-person to continue their HwLA coverage. This will also reduce long lines at the health clinics.
- **Process Redeterminations Faster.** A mail-in unit will make it faster for DHS and DPSS staff to identify and process a redetermination upon receipt.
- **Increase resources dedicated to HwLA enrollment.** Currently, redeterminations and new applications compete for review by DHS eligibility review staff. Because redeterminations must take priority in order to avoid disenrollment, this has created a backlog in new application processing that we hope to alleviate through the creation of a separate re-determination mail-in unit.
- **Increase the number of patients who are covered.** HwLA enrollment has remained at or near the 200,000 level since July 2012, in large part because the HwLA program has lost tens of thousands of HwLA matched members for failure to redetermine. Gains in new enrollments since July 2012 have been negated by the loss in redeterminations. Many patients do not wish to travel to their clinic when they are not sick just to fill out paperwork. DHS' goal is to increase HwLA enrollment to 300,000 by 2014. However, reaching this goal will not be possible unless we make it faster and more convenient for patients to renew their coverage.
- **Prepare patients for the Medi-Cal process.** Current Medi-Cal patients complete redeterminations through a mail-in process; DPSS has an overall retention rate of 75%. When HwLA patients transition to Medi-Cal in 2014, they will already be familiar with this process.

Beginning in January 2013, HwLA patients who need to renew their HwLA eligibility will receive a package that includes a mail-in application along with a postage paid envelope. Patients will also have the option to drop the completed application at their medical home. We will monitor the re-determination rate closely and adjust as needed.

HWLA Contract and Programmatic Updates: On December 18, 2012, your Board approved a number of programmatic and administrative enhancements that will mitigate the impact experienced by CPs with the newly instituted enrollment system (Your Benefits Now/LEADER). These enhancements align our collective efforts and allow us to focus our energy on enrolling as many HWLA eligible patients as we can before January 1, 2014. The contract amendments that the Board approved included an administrative payment for new enrollments and redeterminations (\$10 for newly processed HWLA matched applications and redeterminations), which we believe will assist with our target to enroll 300,000 HWLA matched patients by January 1, 2014. In addition, the contract amendments authorized the Department to pay clinics their full matched rate for all applications uploaded rather than requiring a reconciliation later, which will help alleviate many of the cash flow issues that clinics are experiencing while they wait for payment for health services rendered.

Overview of DPSS Support: DPSS staff has been critical with the HWLA enrollment process. For the past year, DPSS has greatly helped DHS in our efforts to enroll as many HWLA eligible individuals as we can. Our initial partnership with DPSS focused on auto-enrolling general relief patients into HWLA and the configuration and support of DPSS's enrollment system (Your Benefits Now/LEADER) to meet HWLA eligibility requirements. As previously outlined, we are now working together on the successful implementation of the HWLA redetermination mail-in unit and HWLA application processing. DPSS will continue to be instrumental in calendar year 2013 as we proceed with the second phase of our outreach, enrollment, and redetermination efforts and are confident that by working together we can reach our target enrollment goal of 300,000.

Outreach and Enrollment Strategy: Our initial FY 11-12 enrollment strategy was to enroll as many eligible DHS, CP and DMH patients as we could. We will continue these "in-reach" efforts in 2013. However, this year our education, outreach and enrollment efforts will also include "reach-out" methods. January 15, 2013 will kick-off the "Everyone on Board" campaign, in partnership with numerous advocacy groups, community clinics and County Departments. This campaign will focus on identifying, educating and even enrolling HWLA eligible individuals outside of the traditional clinical setting by reaching individuals within their own communities in areas such as churches, parishes, college campuses, and employment centers.

Your Benefits Now/LEADER Update: HWLA enrollment transitioned from Websphere to Your Benefits Now/LEADER (YBN/LEADER) on July 16, 2012. YBN/LEADER is an important technical improvement from the prior enrollment platform because it is a more user-friendly electronic based system and it integrates with multiple databases to assist with enrollment and application processing. YBN/LEADER will also facilitate an easier transition of the HWLA Matched population into Medi-Cal in 2014.

As mentioned in the previous Board memo, the YBN/LEADER transition was difficult for many clinics and a number of technical and non-technical issues had to be resolved. Working closely with DPSS, we have resolved many of the issues and anticipate that most of the enhancements will be completed by the end of this month. We have also worked together to add enhancements to the YBN program that will make it easier for staff to complete the application process.

HWLA application backlog is another issue that was exacerbated with the transition to YBN/LEADER system. While DHS staff was learning the new YBN/LEADER system, new application processing slowed down, which consequently impacted enrollment totals. This problem was exacerbated by the influx of redeterminations which began around the same time as the YBN/LEADER transition, as DHS eligibility staff had to re-direct their attention to processing redeterminations in order to avoid disenrollments. Finally, accidental data entry errors from DHS and CP staff completing applications meant that some applications were unable to move over to the YBN/LEADER system during the transition process. Fortunately, most of the data or missing data clean-up work is now done thanks to DPSS staff and resources dedicated to help DHS to tackle the backlog.

One key functional improvement of YBN/LEADER is the ability to generate automated redetermination notifications to HWLA Matched members. This includes a reminder notification to patients 60 days prior to the end of their eligibility period and a final notification 10 days prior to the end of the eligibility period. This function will dovetail with the new mail-in redetermination efforts by informing HWLA beneficiaries of the new mail-in option with the new letter generated by YBN/LEADER. Finally, DHS is exploring options to employ a vendor to make proactive calls to patients who need to renew their health care coverage in future months to ensure that patients received their paperwork and understand how and why to fill the redetermination application and send it back to DHS/DPSS.

Community Support: DHS entered into an exciting partnership with Neighborhood Legal Services (NLS) and Maternal and Child Health Access (MCHA) to offer a series of successful trainings on HWLA, other DHS coverage programs, and YBN/LEADER. With their support, more trainings could be offered in a shorter period of time. Trainings were provided to both DHS and CP staff and evaluations of the trainings were overwhelmingly positive. DHS, NLS and MCHA are now in the process of finalizing a user-friendly HWLA reference guide to be utilized by DHS and CP clinic staff when questions arise about HWLA and other coverage programs.

Update on General Relief Enrollment into HWLA Program: With consent from the State, we auto-enrolled eligible Los Angeles County General Relief (GR) recipients into the HWLA-Matched program on June 1, 2012. Since the beginning of June 2012, over 100,000 eligible GR recipients qualified for the HWLA-Matched program and have been auto-enrolled into the program. DHS is currently auto-enrolling approximately 1,500 new GR patients into the HWLA program each month. Another exciting development is the implementation of an auto-redetermination policy for the GR population: If a GR recipient has active GR the same month their HWLA redetermination is due, they will automatically be redetermined and covered for another 12 months without having to fill out any additional paperwork. This will be important as many of the GR/HWLA patients may not have an address that will alert them of the need for redetermination.

We continue to work closely with DPSS for the on-going auto-enrollment and redetermination process as well as with social service and community advocates to outreach to the GR population to help increase awareness about coverage and medical home options.

Due to both the transition to YBN/LEADER, redetermination volume, and the auto-enrollment of the GR population, HWLA Member Services has seen a 70% increase in calls. The number of calls increased from approximately 21,700 calls in June to 36,900 calls in August of 2012. For the

month of November 2012, we received around 33,200 calls to our call center and we continue to experience high volumes. This call volume does not include the calls that our clinics (DHS, CP and DMH) experience. The HWLA Member Services unit, as well as DHS and CP front line staff are working to educate patients and be responsive to questions such as how to enroll in HWLA, find a medical home, and HWLA benefits.

Next Steps: We received information from the State Low Income Health Plan (LIHP) administrator that it was time to begin planning for the LIHP transition. With our unique relationship with L.A. Care, we have already begun preliminary dialogue of how a potential transition will occur if and when L.A. Care manages the LIHP administrative functions. We will most likely mirror a similar process that was recently employed with the Community Health Plan/L.A. Care transition. DHS, the Community Clinic Association of Los Angeles County (CCALC), and L.A. Care have already convened a joint task force to ensure that the HWLA matched transition is seamless for patients, CPs and DHS and to ensure that we implement all necessary mechanisms to maintain the patient-provider relationship when and if the transition occurs.

Finally, DHS applied for and received a grant award in the amount of \$200,000 from the Blue Shield of California Foundation (BSCF) to ensure that LIHP patients will have continuity-of-care with their DHS specialists when the Medi-Cal expansion and Affordable Care Act implementation occurs in 2014. DHS, with the support of CCALC and L.A. Care, successfully submitted a proposal to secure technical assistance consultants to help DHS successfully implement the necessary contractual, fiscal, operational and technical requirements needed to integrate DHS' specialty healthcare providers with the Health Care LA Independent Physician Association (IPA), and AltaMed IPA by January 1, 2014.

We will keep the Board apprised of future developments and seek advice on policy issues as they arise.

ENROLLMENT OF SENIORS AND PERSONS WITH DISABILITIES

The Los Angeles County Seniors and Persons with Disabilities (SPD) transition from Fee-For-Service to managed care Medi-Cal was completed on May 30, 2012. Over the 12 month period, 36,060 L.A. Care SPD members were assigned to DHS primary care providers. However, since many of the SPD patients that were auto-assigned to DHS had a prior relationship with a non-DHS provider, we have seen a number of formerly assigned DHS SPD patients transfer out of DHS' provider network. At the end of November 2012, there were 23,917 total DHS SPD patients. This is consistent with our analysis that found that nearly half the SPD patient population (~16,000) assigned to DHS did not use DHS primary or specialty care services. We are currently proactively outreaching to segments of DHS SPD patients who have not used DHS services. The purpose of this outreach is to re-affirm and welcome the SPD patients to DHS and connect them with L.A. Care should they choose to use non-DHS providers. Finally, DHS and L.A. Care staff continue to meet regularly and work collaboratively to improve care delivery, coordination and transition processes, as well as review our efforts to retain these patients.

IMPROVING PRIMARY CARE LINKAGE AND SPECIALIST ACCESS

DHS, CPs, and L.A. Care continue to work together to deploy eConsult, a new approach and technology for specialty care access that has been shown to decrease the number of unnecessary face to face specialty visits. The eConsult platform enables primary care providers and specialists to exchange consultations in a "store and forward" manner. It is a proven specialty access intervention that has worked well in San Francisco, a cohort of L.A. Care private providers, as well as in other safety net and integrated delivery systems. We began the eConsult roll-out on July 18, 2012 with the following group of specialties: Cardiology, Dermatology, Neurology and Obstetrics. As of the end of the 2012 calendar year, we have rolled-out eConsult to all DHS clinics and over 60 CP clinics. We have also added women's health and ophthalmology to the eConsult specialty network and plan to add Ear, Nose, and Throat; Endocrinology; Podiatry; Nephrology; Rheumatology; and Surgery in the near future. In addition to eConsult, we have collaborated with Kaiser to help develop a newly organized specialty scheduling unit. For the nearly 1,200 eConsults submitted, around 40% did not need a face to face visit. For those cases that have been vetted through an eConsult specialty reviewer, our staff have successfully outreached to most of the patients and were able to schedule over 700 appointments for patients. Thus far, the show rate is around 80- 90% for patients scheduled after an eConsult reviewer deemed that a face to face was necessary. This is significantly better than our traditional average show rate of 65-70% and has reduced the long wait time for new appointments when referred by the primary care provider. To ease the backlog and the long wait times experienced by patients, we have also worked with the referring primary care clinics to review prior specialty referrals to help reduce the existing backlog for each of the new specialties that are added to the eConsult system.

DELIVERY SYSTEM REFORM INCENTIVE POOL

DHS fully achieved 100% of the milestones for FY 2011-12, Demonstration Year (DY) 7. A detailed report was sent to the Department of Health Care Services (DHCS) in late September. As a result of 100% achievement of all DY7 milestones, DHS will receive all remaining incentive payments, totaling approximately \$59 million in net incentive funding from CMS. DHS is now actively working on achieving all milestones associated with DY8; the first semi-annual report will be submitted in March 2013, with expected payment for milestones achieved at the mid-year point in the Spring.

On January 9, 2013, DHS also successfully received CMS approval for the addition of a Delivery System Reform Incentive Pool (DSRIP) Category 5, which contains projects targeted at patients with HIV. Payment for reaching the agreed milestones will help to support the transition of Ryan White patients to the LIHP during FY 2012-13. The Category 5 plan benefits from extensive input of internal and external stakeholders as well as the HIV advocacy community. With the close assistance of the Division of HIV & STD Programs at DPH, implementation work has already begun in order to ensure that DHS meets upcoming deadlines.

NEXT STEPS

As directed by your Board, DHS will continue to provide quarterly reports regarding HWLA enrollment trends and the status of implementing the 1115 Waiver. The target date for the next

Each Supervisor
January 15, 2013
Page 7

status report is April 15, 2013. If you have any questions, please contact me or Dr. Alexander Li, Ambulatory Care Chief Executive Officer, at (213) 240-8344.

MHK:sr

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Department of Mental Health
Department of Public Health
Department of Public Social Services